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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

2008 JAN -4 P 4: 51

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION
OF GLOBAL WATER - **SANTA CRUZ**
WATER COMPANY FOR A WAIVER
UNDER A.A.C. R14-2-806 RELATING TO
CERTAIN FUTURE ACQUISITIONS BY
GLOBAL WATER, INC.

Docket Nos. W-20446A-07-0595
Docket Nos. W-03576A-07-0595

IN THE MATTER OF THE APPLICATION
OF GLOBAL WATER - **PALO VERDE**
UTILITIES COMPANY FOR A WAIVER
UNDER A.A.C. R14-2-806 RELATING TO
CERTAIN FUTURE ACQUISITIONS BY
GLOBAL WATER, INC.

Docket No. SW-03575A-07-0595

IN THE MATTER OF THE APPLICATION
OF GLOBAL WATER - **HASSAYMPA**
UTILITY COMPANY FOR A WAIVER
UNDER A.A.C. R14-2-806 RELATING TO
CERTAIN FUTURE ACQUISITIONS BY
GLOBAL WATER, INC.

Docket No. SW-20422A-07-0595

IN THE MATTER OF THE APPLICATION
OF GLOBAL WATER - **PICACHO COVE**
WATER COMPANY, INC. and PICACHO
COVE UTILITIES COMPANY FOR A
WAIVER UNDER A.A.C. R14-2-806
RELATING TO CERTAIN FUTURE
ACQUISITIONS BY GLOBAL WATER, INC.

Docket No. W-03528A-07-0595
Docket No. SW-03709A-07-0595

IN THE MATTER OF THE APPLICATION
OF GLOBAL WATER - **CP WATER**
COMPANY, INC. and FRANCISCO
GRANDE WATER COMPANY FOR A
WAIVER UNDER A.A.C. R14-2-806
RELATING TO CERTAIN FUTURE
ACQUISITIONS BY GLOBAL WATER, INC.

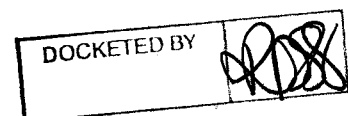
Docket No. WS-01775A-07-0595
Docket No. W-02442A-07-0595
Docket No. SW-03575A-07-0595
Docket No. W-03576A-07-0595

IN THE MATTER OF THE APPLICATION
OF GLOBAL WATER - **WILLOW VALLEY**
WATER COMPANY FOR A WAIVER
UNDER A.A.C. R14-2-806 RELATING TO
CERTAIN FUTURE ACQUISITIONS BY
GLOBAL WATER, INC.

Docket No. W-01732A-07-0595

Arizona Corporation Commission
DOCKETED

JAN 4 2008



IN THE MATTER OF THE APPLICATION
OF GLOBAL WATER – **WATER UTILITY
OF NORTHERN SCOTTSDALE, INC.**
FOR A WAIVER UNDER A.A.C. R14-2-806
RELATING TO CERTAIN FUTURE
ACQUISITIONS BY GLOBAL WATER, INC.

Docket No. W-03720A-07-0595

IN THE MATTER OF THE APPLICATION
OF GLOBAL WATER – **VALENCIA
WATER COMPANY** FOR A WAIVER
UNDER A.A.C. R14-2-806 RELATING TO
CERTAIN FUTURE ACQUISITIONS BY
GLOBAL WATER, INC.

Docket No. W-01212A-07-0595

IN THE MATTER OF THE APPLICATION
OF GLOBAL WATER – **WATER UTILITY
OF GREATER BUCKEYE, INC** FOR A
WAIVER UNDER A.A.C. R14-2-806
RELATING TO CERTAIN FUTURE
ACQUISITIONS BY GLOBAL WATER, INC.

Docket No. W-02451A-07-0595

IN THE MATTER OF THE APPLICATION
OF GLOBAL WATER – **WATER UTILITY
OF GREATER TONOPAH** FOR A WAIVER
UNDER A.A.C. R14-2-806 RELATING TO
CERTAIN FUTURE ACQUISITIONS BY
GLOBAL WATER, INC.

Docket No. W-02450A-07-0595

**JOINT AMENDED
AND
VERIFIED APPLICATION**

This Joint Amended and Verified Application is intended to address the issues raised by the Commission's procedural order dated December 12, 2007. The Joint Amended and Verified Application is the same as the original application, except that (1) additional applicants have been added; and (2) a verification is added. Global Water – Santa Cruz Water Company ("Santa Cruz"), Global Water – Palo Verde Utilities Company ("Santa Cruz"), Hassayampa Utility Company, Inc., Global Water – Picacho Cove Water Company, Global Water – Picacho Cove Utilities Company, CP Water Company, Francisco Grande Utility Company, Willow Valley Water Company, Inc., Water Utility of Northern Scottsdale, Inc., Valencia Water Company, Inc., Water Utility of Greater Buckeye, Inc., Water Utility of Greater Tonopah, Inc. (collectively, the "Utility Applicants") and Global Water Resources, LLC, Global Water, Inc., and West Maricopa Combine, Inc. (the

1 "Holding Company Applicants", and together with the Utility Applicants, the "Applicants")
2 request that the Commission grant a waiver as described below.

3 **I. Description of Proposed Waiver.**

4 1. The Applicants propose that the Commission grant a waiver under A.A.C. R14-2-
5 806 to allow Global Water, Inc. ("Global Inc.") to acquire additional public utilities in the future
6 without the need for further Commission approval. The Applicants propose the following
7 conditions:

- 8 a. That the waiver be limited to Arizona public service corporations regulated
9 by the Commission.
- 10 b. That the waiver be limited to utilities classified as "Class C", "Class D" or
11 "Class E" under the A.A.C. R14-2-103.
- 12 c. The Commission already requires that Santa Cruz formally file a notice of
13 acquisition activity on a quarterly basis, and within 30 days of any
14 acquisition. Specifically, Santa Cruz is required to submit an "Acquisition
15 Schedule" within 30 days of each acquisition as required by Decision No.
16 67240 (September 23, 2004) and Decision No. 67830 (May 5, 2005). The
17 waiver should be conditioned on Santa Cruz continuing to file Acquisition
18 Schedules in accordance with Decisions Nos. 67240 and 67830. As always,
19 the Commission could request additional information for any particular
20 acquisition.
- 21 d. That this waiver not apply to the acquisition of "Class A" or "Class B"
22 utilities.

23 2. The waiver proposed in this Application would essentially continue the procedures
24 in place under Decision No. 67240 (September 23, 2004) and Decision No. 67830 (May 5, 2005).

1 Under those procedures, after an acquisition, Santa Cruz must file an "Acquisition Schedule"
2 within 30 days reporting the acquisition to the Commission.

3 3. The waiver proposed herein will only apply to smaller utilities considered "Class
4 C", "Class D", or "Class E". Thus, any acquisitions of larger utilities would not be covered by the
5 waiver. In addition, any acquisitions of non-Arizona utilities would not be covered by the waiver.

6 **II. Description of Global Inc.**

7 4. Global Inc. is a Delaware corporation. A copy of Global Inc.'s Certificate of Good
8 Standing is attached as Exhibit 1.

9 5. Global Inc. is "public utility holding company" as defined in A.A.C. R14-2-801.4.
10 Global Inc. owns the stock of a number of Arizona public service corporations, including Santa
11 Cruz. Global Inc.'s regulated subsidiaries serve more than 30,000 customers in Arizona.

12 6. Global Inc.'s stock is owned by Global Water Resources, LLC ("Global Parent").

13 7. A chart showing the current organization of Global Parent, Global Inc. and Global
14 Inc.'s subsidiaries is attached as Exhibit 2.

15 8. Global Inc. has successfully acquired a number of Arizona utilities in recent years.
16 For example, in 2006 Global Inc. acquired the stock of West Maricopa Combine ("WMC").
17 WMC owns the stock of five Arizona public service corporations. Many of the WMC companies
18 were small and their systems were in poor shape. Following the WMC transaction, Global Inc.
19 made substantial improvements to the WMC systems, a process which is still on-going.

20 9. In December 2006, Global Inc. acquired the stock of Francisco Grande Utility
21 Company and CP Water Company. Those utilities are located in the vicinity of the current and
22 planned future service areas of Santa Cruz and Palo Verde Utilities Company. An application is
23 currently pending to transfer the CC&Ns of Francisco Grande and CP to Santa Cruz and Palo
24 Verde.

10. The WMC, Francisco Grande and CP acquisitions were made in accordance with Decision No. 67240 (September 23, 2004) and Decision No. 67830 (May 5, 2005). Those decisions govern acquisitions by Global Parent and Global Inc. The WMC, Francisco Grande and CP acquisitions occurred before Santa Cruz became a Class A utility. Now that Santa Cruz is Class A, the Commission has additional oversight of such transactions under the Commission's Public Utility Holding Companies and Affiliated Interests Rules, A.A.C. R14-2-801 et seq.

III. Description of Santa Cruz.

11. Santa Cruz is an Arizona corporation. Santa Cruz's Certificate of Good Standing is attached as Exhibit 3.

12. Santa Cruz is a public service corporation regulated by this Commission. Santa Cruz is also considered a "Class A" utility as defined in A.A.C. R14-2-103.

13. Santa Cruz, or its predecessors, received Certificates of Convenience and Necessity (CC&N) from the Commission in Decision No. 61943 (September 17, 1999); Decision No. 66394 (October 6, 2003); Decision No. 67240 (September 23, 2004); Decision No. 67830 (May 5, 2005); and Decision No. 68448 (February 2, 2006) and also received an Order Preliminary for the "387 District" areas in Decision No. 68498 (February 23, 2006).¹ In Decision No. 69920 (September 27, 2007), the Commission approved the transfer of these CC&Ns to Santa Cruz.

14. Santa Cruz serves approximately 15,700 customers.

15. The management contact for Santa Cruz is

Mr. Graham Symmonds
Senior Vice President
Global Water Management, LLC
21410 North 19th Avenue, Suite 201
Phoenix, Arizona 85027.
(623) 580-9600.

¹ For information regarding the current status of the Order Preliminary, see Docket No. SW-0357A-07-0305.

1 Santa Cruz's attorneys are:

2
3 Michael W. Patten
4 Timothy J. Sabo
5 Roshka DeWulf & Patten, PLC
6 One Arizona Center
7 400 East Van Buren Street, Suite 800
8 Phoenix, Arizona 85004
9 (602) 256-6100

10 All data requests or other requests for information should be directed to:

11 Michael W. Patten
12 Timothy J. Sabo
13 Roshka DeWulf & Patten, PLC
14 One Arizona Center
15 400 East Van Buren Street, Suite 800
16 Phoenix, Arizona 85004

17 With a copy to:

18 Mr. Graham Symmonds
19 Senior Vice President
20 Global Water Management, LLC
21 21410 North 19th Avenue, Suite 201
22 Phoenix, Arizona 85027
23 (623) 580-9600

24 **IV. Public Interest Analysis.**

25
26 16. Arizona has hundreds of private water and dozens of private wastewater companies.
27 Consolidation of these companies into holding companies or combined utilities is in the public
interest for many reasons. For example, consolidation allows utilities to achieve economies of
scale and economies of scope. Consolidation can also enhance financial stability because the
utility does not have to rely exclusively on its own resources. In addition, many small utilities lack
managerial and technical expertise. Larger, consolidated utilities typically have much greater

1 managerial and technical skills. In addition, consolidation allows for the development and
2 deployment of regional infrastructure plans and regional water resources plans.

3 17. Approval of this application will reduce the administrative burden on Staff by
4 reducing unnecessary reviews of small acquisitions, and will send the regulated water industry a
5 message that the Commission supports consolidation.

6 18. Approval of this waiver will allow Global Inc. complete smaller acquisitions in a
7 timely manner. The acquisition schedule process under Decision No. 67240 (September 23, 2004)
8 and Decision No. 67830 (May 5, 2005) was very successful and allowed Global Parent and Global
9 Inc. to act rapidly when opportunities for consolidation came about.


10 19. The Applicants hereby waives the right under A.A.C. R14-2-806.C to have this
11 waiver take effect by operation of law if the Commission takes no action within 30 days. Instead,
12 Santa Cruz requests that the Commission affirmatively grant the waiver by order.

13 20. The waiver should apply to all of the Applicants.

14 WHEREFORE, the Applicants request that the Commission issue an order adopting the
15 waiver described herein.

16
17 RESPECTFULLY SUBMITTED this 4th day of January 2008.

18
19 ROSHKA DEWULF & PATTEN, PLC

20
21 By 
22 Michael W. Patten
23 Timothy J. Sabo
24 One Arizona Center
25 400 East Van Buren Street, Suite 800
26 Phoenix, Arizona 85004
27

ROSHKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
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PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 Original + 41 copies of the foregoing
2 filed this 4th day of January 2008, with:

3 Docket Control

4 ARIZONA CORPORATION COMMISSION

5 1200 West Washington

6 Phoenix, Arizona 85007

7 Copies of the foregoing hand-delivered/mailed
8 this 4th day of January 2008, to:

9 Lyn A. Farmer, Esq.

10 Chief Administrative Law Judge

11 Hearing Division

12 Arizona Corporation Commission

13 1200 West Washington

14 Phoenix, Arizona 85007

15 Christopher C. Kempley, Esq.

16 Chief Counsel, Legal Division

17 Arizona Corporation Commission

18 1200 West Washington

19 Phoenix, Arizona 85007

20 Ernest G. Johnson, Esq.

21 Director, Utilities Division

22 Arizona Corporation Commission

23 1200 West Washington

24 Phoenix, Arizona 85007

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STATE OF ARIZONA
COUNTY OF MARICOPA

VERIFICATION

Cindy Liles, being duly sworn, deposes and says as follows:

1. I am a resident of Maricopa County, Arizona and I am over 18 years of age.
2. I am Senior Vice President and Chief Financial Officer of Global Water Management, LLC and Secretary of each Utility owned by Global Water Resources, LLC
3. I have read the foregoing amended application, and the facts stated therein are true according to the best of my knowledge, information, and belief.

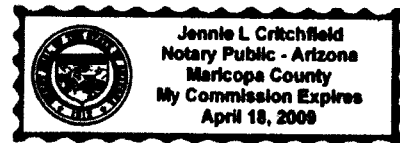
Further affiant sayeth not.

Cindy M. Liles
Cindy Liles

Subscribed and sworn before me this 4th day of January, 2008

Jennie L. Critchfield
Notary Public

My commission expires: 4/13/09



ROSHKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

INDEX TO EXHIBITS

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Exhibit

Description

- | | |
|---|---|
| 1 | Certificate of Good Standing: Global Water, Inc. |
| 2 | Organizational Chart |
| 3 | Certificate of Good Standing: Global Water – Santa Cruz Water Company |

EXHIBIT

"1"

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****GLOBAL WATER, INC.*****

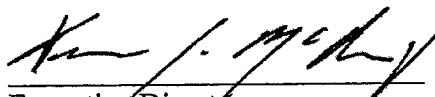
a foreign corporation organized under the laws of Delaware did obtain authority to transact business in the State of Arizona on the 12th day of May 2006.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 12th Day of October, 2007, A. D.




Executive Director

Order Number: 181064

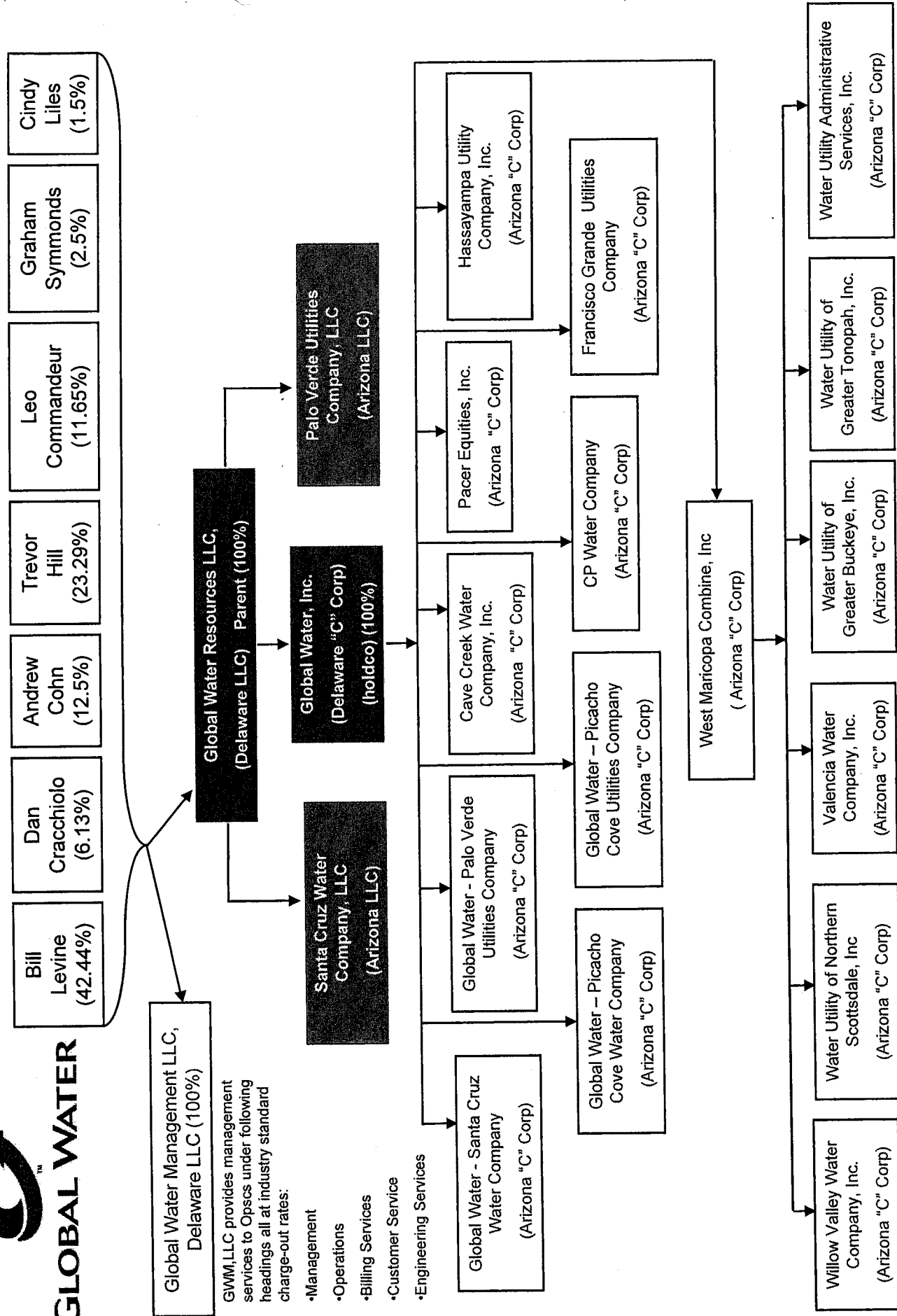
EXHIBIT

"2"



GLOBAL WATER

Corporate Structure Before Balterra Sewer Corp. Acquisition



EXHIBIT

"3"

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****GLOBAL WATER - SANTA CRUZ WATER COMPANY*****

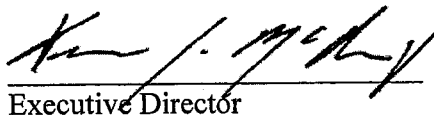
a domestic corporation organized under the laws of the State of Arizona, did incorporate on December 7, 2005.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 12th Day of October, 2007, A. D.




Executive Director

Order Number: 181067